

COMMITTEE AMENDMENT

HOUSE OF REPRESENTATIVES

State of Oklahoma

SPEAKER:

CHAIR:

I move to amend HB2074 _____
Of the printed Bill
Page _____ Section _____ Lines _____
Of the Engrossed Bill

By striking the Title, the Enacting Clause, the entire bill, and by
inserting in lieu thereof the following language:

AMEND TITLE TO CONFORM TO AMENDMENTS

Amendment submitted by: Chad Caldwell

Adopted: _____

Reading Clerk

STATE OF OKLAHOMA

2nd Session of the 59th Legislature (2024)

PROPOSED COMMITTEE
SUBSTITUTE
FOR
HOUSE BILL NO. 2074

By: Caldwell (Chad)

PROPOSED COMMITTEE SUBSTITUTE

An Act relating to amusements and sports; amending 3A O.S. 2021, Sections 703 and 709, which relate to the Oklahoma Education Lottery Act; defining terms; modifying duties of board of trustees of the Oklahoma Lottery Commission; directing board of trustees to develop a list of criteria; providing criteria requirements; authorizing renewal of contracts; authorizing issuance of license after certain payment; declaring certain acts unlawful; creating the Sports Pools Revolving Fund; repealing 3A O.S. 2021, Section 735, which relates to prohibited gaming; providing for codification; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 3A O.S. 2021, Section 703, is amended to read as follows:

Section 703. As used in the Oklahoma Education Lottery Act:

1. "Administrative expenses" means operating expenses, excluding amounts set aside for prizes, regardless of whether such prizes are claimed and excluding amounts deposited to the Fidelity Revolving Fund pursuant to Section 20 of this act;

2. "Board" means the board of trustees of the Oklahoma Lottery Commission;

1 3. "Capital outlay projects" means the acquisition,
2 construction, installation, modification, renovation, repair,
3 extension, renewal, replacement, or rehabilitation of land,
4 interests in land, buildings, structures, facilities, or other
5 improvements and the acquisition, installation, modification,
6 renovation, repair, extension, renewal, replacement, rehabilitation,
7 or furnishing of fixtures, machinery, equipment, computers,
8 software, laboratories, furniture, textbooks, and reference material
9 or other property of any nature whatsoever used on, in, or in
10 connection with educational facilities;

11 4. "Commission" means the Oklahoma Lottery Commission;

12 5. "Educational facilities" means land, structures, and
13 buildings owned or operated by and through the Oklahoma State
14 Regents for Higher Education, the State Board of Education, the
15 Oklahoma Department of Career and Technology Education, or by any
16 school district within this state. A public road or highway leading
17 to an educational facility shall not be considered an educational
18 facility;

19 6. "Executive director" means the chief executive officer and
20 administrator of the Oklahoma Lottery Commission;

21 7. "Gross proceeds" means all revenue derived from the sale of
22 lottery tickets or shares and all other monies derived from the
23 lottery;

1 8. "Instant ticket" means a lottery ticket that requires the
2 player to remove a coating to determine if a prize has been won;

3 9. "Lottery", "lotteries", "lottery game", or "lottery games"
4 means an activity conducted by the Commission under the Oklahoma
5 Education Lottery Act through which prizes are awarded or
6 distributed by chance among persons who have paid for a chance or
7 other opportunity to receive a prize, including, but not limited to,
8 instant tickets and on-line games, but excluding charity bingo and
9 games conducted pursuant to the Oklahoma Charity Games Act, poker,
10 blackjack, slot machines, pulltab machines, card games, dice,
11 dominos, roulette wheels, or other similar forms of gambling, or
12 electronic or video forms of these gambling activities, or games
13 where winners are determined by the outcome of a sports contest, or
14 pari-mutuel betting conducted pursuant to the Oklahoma Horse Racing
15 Act;

16 10. "Major procurement contract" means any gaming product or
17 service costing in excess of Twenty-five Thousand Dollars
18 (\$25,000.00), including, but not limited to, major advertising
19 contracts, annuity contracts, prize payment agreements, consulting
20 services, equipment, tickets, and other products and services unique
21 to the Oklahoma lottery, but not including materials, supplies,
22 equipment, and services common to the ordinary operations of the
23 Commission;

1 11. "Member" or "members" means a trustee or trustees of the
2 board of trustees of the Oklahoma Lottery Commission;

3 12. "Member of a minority" means an individual who is a member
4 of a race which comprises less than fifty percent (50%) of the total
5 population of Oklahoma;

6 13. "Minority business" means any business which is owned by:

7 a. an individual who is a member of a minority who
8 reports as the personal income of the individual for
9 Oklahoma income tax purposes the income of the
10 business,

11 b. a partnership in which a majority of the ownership
12 interest is owned by one or more members of a minority
13 who report as their personal income for Oklahoma
14 income tax purposes more than fifty percent (50%) of
15 the income of the partnership, or

16 c. a corporation organized under the laws of this state
17 in which a majority of the common stock is owned by
18 one or more members of a minority who report as their
19 personal income for Oklahoma income tax purposes more
20 than fifty percent (50%) of the distributed earnings
21 of the corporation;

22 14. "Net proceeds" means all revenue derived from the sale of
23 lottery tickets or shares and all other monies derived from the
24 lottery less operating expenses;

1 15. "On-line games" means a game where tickets or shares are
2 purchased through a network of computer terminals located at retail
3 outlets, and such terminals are linked to a central computer that
4 records the purchases;

5 16. "Operating expenses" means all costs of doing business,
6 including but not limited to, prizes, commissions, and other
7 compensation paid to retailers, advertising and marketing costs,
8 personnel costs, capital costs, amounts held in or paid from the
9 Fidelity Revolving Fund pursuant to Section 20 of this act, debt
10 service payments for the payment of the initial expenses of start-
11 up, administration, and operation of the Commission and the lottery,
12 and other operating costs;

13 17. "Pari-mutuel betting" means the pari-mutuel system of
14 wagering as defined in Section 200.1 of Title 3A of the Oklahoma
15 Statutes. Such term shall not include a lottery game which may be
16 predicated on a horse-racing scheme that does not involve actual
17 track events or traditional lottery games which may involve the
18 distribution of winnings by pools;

19 18. "Person" means any individual, corporation, partnership,
20 unincorporated association, limited liability company, or other
21 legal entity;

22 19. "Retailer" means a person who sells lottery tickets or
23 shares on behalf of the Commission pursuant to a contract;
24

1 20. "Share" means any intangible evidence of participation in a
2 lottery game;

3 21. "Sports pools" means any in-person wagering and wagering
4 conducted on a mobile device on the outcome of sporting events or
5 other events, other than horse or other animal races;

6 22. "Sports pools retailer" means any licensed in-person
7 establishment or Internet-based application that allows for an
8 individual to wager on sports pools;

9 23. "Ticket" means any tangible evidence issued by the lottery
10 to provide participation in a lottery game; and

11 ~~22.~~ 24. "Vendor" means a person who provides or proposes to
12 provide goods or services to the Commission pursuant to a major
13 procurement contract, but does not include an employee of the
14 Commission, a retailer, or a state agency or instrumentality
15 thereof. Such term does not include any corporation whose shares
16 are publicly traded and which is the parent company of the
17 contracting party in a major procurement contract.

18 SECTION 2. AMENDATORY 3A O.S. 2021, Section 709, is
19 amended to read as follows:

20 Section 709. A. The Oklahoma Lottery Commission shall have any
21 and all powers necessary or convenient to its usefulness in carrying
22 out and effectuating the purposes and provisions of the Oklahoma
23 Education Lottery Act which are not in conflict with the Oklahoma
24

1 Constitution and laws of this state including, but not limited to,
2 the following:

3 1. To sue and be sued in contract, equity, mandamus, and
4 similar actions in its own name and to complain and defend in all
5 courts;

6 2. To adopt and alter a seal;

7 3. To hold copyrights, trademarks, and service marks and
8 enforce its rights with respect thereto;

9 4. To acquire or lease real property and make improvements
10 thereon and acquire by lease or by purchase personal property,
11 including, but not limited to, computers and intangible property,
12 including, but not limited to, computer programs, systems, and
13 software;

14 5. To enter into contracts to incur debt in its own name and
15 enter into financing agreements with the state, agencies or
16 instrumentalities of the state, or with any commercial financial
17 institution or credit provider as provided in Section 732 of this
18 title;

19 6. To select and contract with vendors and retailers;

20 7. To enter into contracts or agreements with state or local
21 law enforcement agencies for the performance of law enforcement,
22 background investigations, and security checks;

23 8. To administer oaths, take depositions, issue subpoenas, and
24 compel the attendance of witnesses and the production of books,

1 papers, documents, and other evidence relative to any investigation
2 or proceeding conducted by the Commission;

3 9. To enter into contracts of any and all types on such terms
4 and conditions as the Commission may determine;

5 10. To advertise and promote the lottery and lottery games.

6 None of the advertisement and promotion for games and products
7 offered by the Oklahoma Lottery allowed by this paragraph shall
8 involve children under the age of eighteen (18) in any manner;

9 11. To inform the public about Oklahoma Lottery Commission
10 contributions to Oklahoma education programs; and

11 12. To act as a retailer, to conduct promotions which involve
12 the dispensing of lottery tickets or shares, and to establish and
13 operate a sales facility to sell lottery tickets or shares and any
14 related merchandise.

15 B. The board of trustees of the Oklahoma Lottery Commission
16 shall have any and all powers necessary or convenient to its
17 usefulness in carrying out and effectuating the purposes and
18 provisions of the Oklahoma Education Lottery Act which are not in
19 conflict with the Oklahoma Constitution and laws of this state
20 including, but not limited to, the following:

21 1. To adopt, amend, and repeal policies and procedures and to
22 promulgate rules for the regulation of its affairs and the conduct
23 of its business, to prescribe the duties of officers of the board,
24 and to perform such other duties as may be required by law. In the

1 promulgation of rules, the board shall be subject to the
2 Administrative Procedures Act;

3 2. To procure insurance;

4 3. To initiate, supervise, and administer the operation of the
5 lottery in accordance with the provisions of the Oklahoma Education
6 Lottery Act and rules, policies, and procedures adopted pursuant
7 thereto;

8 4. To enter into written agreements with one or more other
9 states or sovereigns for the operation, participation in marketing,
10 and promotion of a joint lottery or joint lottery games. Such an
11 agreement may be entered into with a federally recognized Indian
12 tribe only if a cooperative agreement authorizing the Commission to
13 do so has been entered into by the Governor and such a tribe and has
14 been further approved by the Joint Committee on State-Tribal
15 Relations pursuant to the provisions of Section 1221 et seq. of
16 Title 74 of the Oklahoma Statutes;

17 5. To direct the executive director to conduct or have
18 conducted such market research as is necessary or appropriate, which
19 may include an analysis of the demographic characteristics of the
20 players of each lottery game and an analysis of advertising,
21 promotion, public relations, incentives, and other aspects of
22 communication; ~~and~~

23 6. To adopt and amend such rules, policies, and procedures as
24 necessary to implement its powers and duties, organize and operate

1 the Commission, regulate the conduct of lottery games in general,
2 and any other matters necessary or desirable for the efficient and
3 effective operation of the lottery or the convenience of the public;

4 7. To enter into written agreements with sports pools retailers
5 for the operation, participation in marketing, and promotion of
6 sports pools. Agreements may be entered into with sports pools
7 retailers pursuant to rules promulgated by the board of trustees of
8 the Oklahoma Lottery Commission; provided, however, that an
9 agreement may be entered into with a federally recognized Indian
10 tribe for in-person sports pool games only if:

11 a. a cooperative agreement authorizing the Commission to
12 do so has been entered into by the Governor and such a
13 tribe,

14 b. that same cooperative agreement has been further
15 approved by the Joint Committee on State-Tribal
16 Relations pursuant to Section 1221 et seq. of Title 74
17 of the Oklahoma Statutes, and

18 c. one (1) or more retailers has been issued a license by
19 the Oklahoma Lottery Commission, pursuant to Section 3
20 of this act, to operate an Internet-based application
21 that allows for an individual to wager on sports
22 pools.

23 A federally recognized Indian tribe may also enter into a mobile
24 sports pools agreement; provided, however, that the Indian tribe

1 shall partner with a vendor that operates an Internet-based
2 application that allows for an individual to wager on sports pools
3 in no fewer than five (5) states; and

4 8. To adopt and amend such rules, policies, and procedures as
5 necessary to implement its powers and duties, organize and operate
6 the Commission, regulate the conduct of sports pools in general, and
7 any other matters necessary or desirable for the efficient and
8 effective operation of the sports pools or the convenience of the
9 public.

10 C. The powers enumerated in subsections A and B of this section
11 are cumulative of and in addition to those powers enumerated
12 elsewhere in the Oklahoma Education Lottery Act, and no such powers
13 limit or restrict any other powers of the Oklahoma Lottery
14 Commission or the board of trustees.

15 SECTION 3. NEW LAW A new section of law to be codified
16 in the Oklahoma Statutes as Section 717.1 of Title 3A, unless there
17 is created a duplication in numbering, reads as follows:

18 A. The board of trustees of the Oklahoma Lottery Commission
19 shall develop a list of objective criteria upon which the
20 qualification of a licensed sports pools retailer shall be based.
21 In developing these criteria, the board shall consider such factors
22 as the financial responsibility of the applicant, security of the
23 place of business or activity of the applicant, accessibility to the
24 public, integrity, and reputation. The board shall not consider

1 political affiliation, activities, or contributions to political
2 committees or candidates for any public office. The criteria shall
3 include, but not be limited to, the following:

4 1. The applicant shall be current in filing all applicable tax
5 returns and in payment of all taxes, interest, and penalties owed on
6 state or federal taxes, excluding items under formal appeal pursuant
7 to applicable statutes;

8 2. No person, partnership, unincorporated association,
9 corporation, or other business entity or principal, officer, or
10 director of a corporation or other business entity shall be selected
11 as a licensed sports pools retailer who:

12 a. has been convicted of or is awaiting sentencing on a
13 plea of guilty or nolo contendere to a criminal
14 offense related to the security or integrity of the
15 lottery in this or any other jurisdiction,

16 b. has been convicted of or is awaiting sentencing on a
17 plea of guilty or nolo contendere to any illegal
18 gambling activity, false statements, false swearing,
19 or perjury in this or any other jurisdiction or
20 convicted of or is awaiting sentencing on a plea of
21 guilty or nolo contendere to any crime punishable by
22 more than one (1) year of imprisonment or a fine of
23 more than One Thousand Dollars (\$1,000.00) or both,
24 unless the civil rights of the person have been

1 restored and at least five (5) years have elapsed from
2 the date of the completion of the sentence without a
3 subsequent conviction of a crime described in this
4 subparagraph,

5 c. has been found to have violated the provisions of the
6 Oklahoma Education Lottery Act or any rule, policy, or
7 procedure of the Commission unless either ten (10)
8 years have passed since the violation or the board
9 finds the violation both minor and unintentional in
10 nature,

11 d. is a vendor or any employee or agent of any vendor
12 doing business with the Commission,

13 e. resides in the same household as the executive
14 director, any board member, or any employee of the
15 Commission, or

16 f. has made a statement of material fact to the
17 Commission knowing such statement to be false;

18 3. Any sports pools retailer contract executed pursuant to this
19 section may, for good cause, be suspended, revoked, or terminated by
20 the executive director or designee if the retailer is found to have
21 violated any provisions of the Oklahoma Education Lottery Act or
22 objective criteria established by the board. Review of such
23 activities shall be in accordance with the procedures outlined in
24

1 the Oklahoma Education Lottery Act and shall not be subject to the
2 Administrative Procedures Act; and

3 4. All sports pools retailer contracts may be renewable
4 annually in the discretion of the Commission unless sooner canceled
5 or terminated.

6 B. Sports pools retailers deemed qualified pursuant to the
7 objective criteria developed by the board of trustees of the
8 Oklahoma Lottery Commission shall, consistent with the Oklahoma
9 Education Lottery Act and applicable state and federal law, be
10 issued a license upon payment of:

11 1. For in-person wagering, fifteen percent (15%) of the
12 adjusted gross revenues received in a calendar year from the play of
13 sports pools; and

14 2. For wagering conducted on a mobile device, the following:

15 a. an initial fee of One Hundred Thousand Dollars
16 (\$100,000.00) with an annual fee of Twenty Thousand
17 Dollars (\$20,000.00), and

18 b. twenty percent (20%) of the adjusted gross revenues
19 received in a calendar year from the play of sports
20 pools.

21 C. To ensure the financial integrity of sports pools, the
22 Oklahoma Lottery Commission through its board of trustees shall:

23 1. Electronically submit annual reports to the Governor, State
24 Auditor and Inspector, Oklahoma State Bureau of Investigation, and

1 Attorney General, disclosing the total sports pools revenues, prize
2 disbursements, operating expenses, and administrative expenses of
3 the Commission. The annual reports shall additionally describe the
4 organizational structure of the Commission and summarize the
5 functions performed by each organizational division within the
6 Commission;

7 2. Adopt a system of internal audits, which, although it shall
8 be developed by the board of trustees of the Oklahoma Lottery
9 Commission, shall be applicable to and incorporated into any written
10 agreements with sports pools retailers for operation, participation
11 in marketing, and promotion of sports pools; and

12 3. Maintain weekly or more frequent records of lottery
13 transactions, including the distribution of tickets or shares to
14 retailers, revenues received, claims for prizes, prizes paid, prizes
15 forfeited, and other financial transactions of the Commission.

16 D. Notwithstanding the provisions of Sections 941 through 988
17 of Title 21 of the Oklahoma Statutes, the conducting of and
18 participation in any game authorized pursuant to this section is
19 lawful when played pursuant to this section.

20 E. The board of trustees of the Oklahoma Lottery Commission
21 shall promulgate any rules necessary for the implementation of
22 sports pool wagering in this state.

1 SECTION 4. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 713.1A of Title 3A, unless there
3 is created a duplication in numbering, reads as follows:

4 There is hereby created in the State Treasury a revolving fund
5 for the Oklahoma Lottery Commission to be designated the "Sports
6 Pools Revolving Fund". The fund shall be a continuing fund, not
7 subject to fiscal year limitations, and shall consist of all monies
8 received by the Commission from net revenue received from sports
9 pools wagering and license fees collected pursuant to Section 3 of
10 this act. All monies accruing to the credit of said fund are hereby
11 appropriated and may be budgeted and expended by the Legislature for
12 the purpose of funding gambling addiction programs, common
13 education, and administrative costs associated with implementing
14 this act; provided, an appropriation from the fund of no less than
15 One Million Dollars (\$1,000,000.00) shall be made to the Department
16 of Mental Health and Substance Abuse Services for the purpose of
17 treating individuals who may struggle with gambling addiction.

18 SECTION 5. REPEALER 3A O.S. 2021, Section 735, is hereby
19 repealed.

20 SECTION 6. This act shall become effective November 1, 2024.

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22 59-2-10002 CMA 02/15/24

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